

(ii) the first day of the first calendar quarter after the close of the first regular session of the State legislature that begins after such date of enactment. the amendments made by this section shall apply to contributions (and earnings allocable thereto) made before the date such program meets the requirements of such amendments without regard to whether any requirements of such amendments are met with respect to such contributions and earnings.

For purposes of subparagraph (B)(ii), if a State has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

**SEC. 1807. ADOPTION ASSISTANCE.**

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 22 the following new section:

**"SEC. 23. ADOPTION EXPENSES.**

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter the amount of the qualified adoption expenses paid or incurred by the taxpayer.

"(2) YEAR CREDIT ALLOWED.—The credit under paragraph

(1) with respect to any expense shall be allowed—

"(A) for the taxable year following the taxable year during which such expense is paid or incurred, or

"(B) in the case of an expense which is paid or incurred during the taxable year in which the adoption becomes final, for such taxable year.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account

under subsection (a) for all taxable years with respect to the adoption of a child by the taxpayer shall not exceed \$5,000 (\$6,000 in the case of a child with special needs).

"(2) INCOME LIMITATION.—

"(A) IN GENERAL.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

"(i) the amount (if any) by which the taxpayer's adjusted gross income exceeds \$75,000, bears to

"(ii) \$40,000.

"(B) DETERMINATION OF ADJUSTED GROSS INCOME.—

For purposes of subparagraph (A) ~~adjusted~~  
gross income  
shall be determined ~~and~~

"(i) without regard to sections 911, 931,  
and  
933, and

"(ii) after the application of sections 86, 135, 137,  
219, and 469.

"(3) DENIAL OF DOUBLE BENEFIT. ~~—~~

"(A) IN GENERAL. ~~—~~ No credit shall be allowed  
under  
subsection (a) for any expense for which a  
deduction or  
credit is allowed under any other provision of  
this chapter.